

M E M O R A N D U M

TO: Governing Board Members

FROM: Doug Bergstrom, Division Director, Administrative Services

DATE: June 9, 2011

SUBJECT: Beechcraft King Air model B200

Background:

The District originally purchased the 1981 Beechcraft King Air model B200 airplane in 1986 as a used aircraft in order to provide more rapid, flexible and efficient transportation to Tallahassee and other areas of the District for the Governing Board members and the staff. At the time options for commercial flights and charters were very limited and expensive. The plane was purchased for \$942,000 and is fully paid for and owned by the District. The annual usage has ranged from a high of 450 hours per year to a low of 80 with the average over the 30 years of approximately 230 hours per year. The plane is in excellent condition, as we follow Beechcraft's inspection and maintenance program and has recently been repainted. The annual operating costs depend on usage and range from \$150,000 - \$300,000 per year. In addition, we have fixed costs of approximately \$147,000 per year for items such as hangar rental, insurance, training and salaries. The estimated value of the plane depends on current market conditions and would range from a low of \$600,000 to possibly as high as \$1.2 million.

There are several options available to dispose of the plane. Florida Statutes allows a governmental entity to declare an asset as surplus when it is determined that the asset is obsolete, or the continued use is uneconomical or inefficient or no longer serves a useful function for the agency. There are basically two methodologies for disposal of this type of asset which are; hire a broker or request sealed bids in the same manner used by the State of Florida, which also recently sold a state plane.

A broker would perform a market analysis and provide direct mailings and advertisements. The broker would operate on a commission basis, and the commission may range from 4% to 10%. Proposals would need to be solicited to select a broker.

The District could follow the same process as the State and place a request for sealed bids in various trade publications. A 10% certified check or money order would be required to accompany each submittal and while no minimum bid would be established, the District would reserve the right to reject all bids if we did not get an acceptable offer. The plane would be sold as-is with no warranty. The staff recommendation is to solicit sealed bids with the right to reject all.

How this helps meet the District 10 Year Strategic Plan?

The sale of this asset will generate additional revenue, which may be reallocated for the District's core mission.

Funding Source:

This is a request that will generate revenue. The cost for the advertisements or any other costs associated with the sale would be funded from the current Flight Operations budget.

This Board item impacts what areas of the District, both resource areas and geography:

The plane was utilized by members of all resource areas District-wide.

What concerns could this Board item raise?

The Board may have a concern regarding the current market conditions and the timing of the sale to achieve the best result via the greatest revenue possible to the District.

Why should the Governing Board approve this item?

The recommendation to declare the plane as surplus equipment and authorize staff to sell the asset via the sealed competitive bid process provides the most cost-effective methodology for disposal and the greatest opportunity to maximize revenue.

SCT/CH/kk